PHILIP MORRIS USA INTER-OFFICE CORRESPONDENCE
120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: Distribution **DATE:** November 1, 1999

FROM: Market Information/Bruce Neidle

SUBJECT: Weekly Shipment Performance w/e 10/29/99

Industry volume was in line with recent averages at 8.5 billion units.

PM's share was above recent averages for the third consecutive week likely influenced by additional shipments to McLane and shipments in support of the buydowns currently at retail. PM's shares were: SOI: 50.2%; Premium SOC: 60.2%; and Discount SOC: 22.9%.

Corresponding with PM's stronger performance, major competitive manufacturers' shares were generally below recent averages. RJR's Discount SOC was above recent averages at 33.1%, suggesting possible promotional activity. Liggett's Discount SOC was also above recent averages at 4.7%.

Discount category share for the week was 27.0%, up +0.9pp versus last week. On a YTD basis the category was 26.6%, down -0.2pp.

PM-USA October Performance

		Volume			Share		
	W/E	PROJ	ACTUAL	ACTUAL VS. PROJ	PROJ	ACTUAL	ACTUAL VS. PROJ
(1 day)	10/1	788	907	119	49.9%	53.0%	3.1
	10/8	4,088	4,036	(52)	50.4%	49.1%	(1.3)
	10/15	4,088	4,295	207	50.4%	50.8%	0.4
	10/22	4,118	4,255	137	50.5%	50.5%	0.0
	10/29	4,118	4,261	143	50.5%	50.2%	(0.3)
	October	**17,200**	**17,755**	**555**	**50.4%**	**50.2%**	**(0.2)**

All numbers are rounded.

Variance Explanation

w/e 10/29
PM's volume was above projection likely due to stronger than anticipated shipments to McLane.

w/e 10/22
PM's volume was above projection likely due to stronger than anticipated shipments to McLane.

w/e 10/15
PM's performance was above projection likely due to stronger than anticipated shipments to McLane.

w/e 10/8
PM's volume was close to projection, while share was below projection likely due to higher than expected competitive promotional shipments.

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Source: https://www.industrydocuments.ucsf.edu/docs/lxnm0004

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 10/29/99

THIS WEEK'S RESULTS

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Current Week	8,492	4,261	1,971	1,095	822	118	224
Diff. vs. 1998	-426	44	-263	-242	-86	12	109
% Change vs. '98	-4.8%	1.0%	-11.8%	-18.1%	-9.5%	10.8%	95.5%
SHARE							
Current Week		50.2%	23.2%	12.9%	9.7%	1.4%	2.6%
Diff. vs. 1998		2.9%	-1.8%	-2.1%	-0.5%	0.2%	1.4%
FORECAST	8,058	4,037	1,824	1,071	864	86	176
Diff. vs. Forecast	434	224	147	24	-42	33	48
CURR. PROJECTION	8,162	4,118					
Diff. vs. Projection	330	143					
PREMIUM							
Volume	6,203	3,737	1,212	542	684	11	16
Share of Category	73.0%	60.2%	19.5%	8.7%	11.0%	0.2%	0.3%
Contribution		87.7%	61.5%	49.5%	83.3%	9.7%	7.1%
DISCOUNT							
Volume	2,289	525	759	553	138	107	208
Share of Category	27.0%	22.9%	33.1%	24.2%	6.0%	4.7%	9.1%
Contribution		12.3%	38.5%	50.5%	16.7%	90.3%	92.9%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 10/29/99

QUARTER TO DATE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
QTD	35,334	17,755	8,065	4,556	3,586	438	933
1998 Actual	39,963	18,924	10,031	6,089	3,897	462	559
Diff. vs. 1998	-4,629	-1,170	-1,966	-1,533	-311	-23	373
% Change vs. '98	-11.6%	-6.2%	-19.6%	-25.2%	-8.0%	-5.1%	66.8%
SHARE							
QTD		50.2%	22.8%	12.9%	10.1%	1.2%	2.6%
Diff. vs. 1998		2.9%	-2.3%	-2.3%	0.4%	0.1%	1.2%
FORECAST	33,777	16,898	7,658	4,496	3,626	360	739
Diff. vs. Forecast	1,557	857	407	60	-39	78	193
PREMIUM							
Volume	26,048	15,586	5,138	2,216	2,997	44	67
Share of Category	73.7%	59.8%	19.7%	8.5%	11.5%	0.2%	0.3%
Diff. vs. 1998	1.4%	4.0%	-1.8%	-1.7%	-0.2%	-0.2%	0.0%
Contribution		87.8%	63.7%	48.6%	83.6%	10.1%	7.1%
DISCOUNT							
Volume	9,286	2,169	2,928	2,340	589	394	866
Share of Category	26.3%	23.4%	31.5%	25.2%	6.3%	4.2%	9.3%
Diff. vs. 1998	-1.4%	-1.8%	-2.8%	-3.1%	1.8%	1.1%	4.8%
Contribution		12.2%	36.3%	51.4%	16.4%	89.9%	92.9%

*Share of Industry

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 10/29/99

4WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 4 Wks	8,401	4,212	1,920	1,087	861	102	218
Diff. vs. Pr. 4WM	48	22	11	11	-2	0	5
Change v Pr 4WM	0.6%	0.5%	0.6%	1.0%	-0.2%	-0.3%	2.3%
Diff. vs. YAG 4WM	-682	-68	-366	-297	-47	-6	101
Change vs. YAG 4WM	-7.5%	-1.6%	-16.0%	-21.4%	-5.2%	-5.5%	86.7%
SHARE							
Latest 4 Wks		50.1%	22.9%	12.9%	10.3%	1.2%	2.6%
Diff. vs. Pr. 4WM		0.0%	0.0%	0.1%	-0.1%	0.0%	0.0%
Diff. vs. YAG 4WM		3.0%	-2.3%	-2.3%	0.3%	0.0%	1.3%
PREMIUM							
Volume	6,192	3,695	1,223	528	719	10	16
Change v Pr 4WM	0.3%	0.9%	-1.3%	1.4%	-0.4%	-8.2%	-0.1%
Share of Category	73.7%	59.7%	19.7%	8.5%	11.6%	0.2%	0.3%
Diff. vs. Pr. 4WM		0.3%	-0.3%	0.1%	-0.1%	0.0%	0.0%
Diff. vs. YAG 4WM		4.1%	-1.9%	-1.6%	-0.4%	-0.2%	0.0%
DISCOUNT							
Volume	2,209	517	697	559	142	92	202
Change v Pr 4WM	1.2%	-2.2%	4.0%	0.7%	0.9%	0.7%	2.5%
Share of Category	26.3%	23.4%	31.6%	25.3%	6.4%	4.2%	9.2%
Diff. vs. Pr. 4WM		-0.8%	0.9%	-0.1%	0.0%	0.0%	0.1%
Diff. vs. YAG 4WM		-1.8%	-2.9%	-3.2%	1.8%	0.9%	5.1%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 10/29/99

13WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 13 Wk	8,451	4,197	1,945	1,116	869	107	218
Diff. vs. Pr. 13WM	7	9	6	-5	0	0	-3
Change vs. Pr. 13WM	0.1%	0.2%	0.3%	-0.4%	0.0%	-0.2%	-1.2%
Diff. vs. YAG 13WM	-925	-425	-299	-268	-20	-8	95
Chnge vs. YAG 13WM	-9.9%	-9.2%	-13.3%	-19.4%	-2.3%	-6.8%	76.9%
SHARE							
Latest 13 Wk		49.7%	23.0%	13.2%	10.3%	1.3%	2.6%
Diff. vs. Pr. 13WM		0.1%	0.1%	-0.1%	0.0%	0.0%	0.0%
Diff. vs. YAG 13WM		0.4%	-0.9%	-1.6%	0.8%	0.0%	1.3%
PREMIUM							
Volume	6,188	3,676	1,225	540	718	12	16
Change v Pr 13WM	0.2%	0.2%	0.1%	-0.2%	0.3%	-0.6%	-2.3%
Share of Category	73.2%	59.4%	19.8%	8.7%	11.6%	0.2%	0.3%
Diff. vs. Pr. 13WM	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Diff. vs. YAG 13WM	-0.2%	1.2%	-0.7%	-0.6%	0.3%	-0.3%	0.0%
DISCOUNT							
Volume	2,263	520	719	576	150	95	201
Change v Pr 13WM	-0.1%	-0.1%	0.7%	-0.6%	-1.1%	-0.1%	-1.2%
Share of Category	26.8%	23.0%	31.8%	25.5%	6.6%	4.2%	8.9%
Diff. vs. Pr. 13WM	-0.1%	0.0%	0.3%	-0.1%	-0.1%	0.0%	-0.1%
Diff. vs. YAG 13WM	0.2%	-1.6%	-1.7%	-4.2%	2.2%	0.8%	4.6%

*Share of Industry

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 10/29/99

YEAR TO DATE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
YTD	350,134	173,589	80,974	47,147	36,665	4,168	7,591
1998 Actual	388,897	191,960	93,595	58,740	35,491	4,676	4,435
Diff. vs. 1998	-38,763	-18,371	-12,621	-11,593	1,174	-508	3,156
% Change vs. '98	-10.0%	-9.6%	-13.5%	-19.7%	3.3%	-10.9%	71.2%
SHARE							
YTD		49.6%	23.1%	13.5%	10.5%	1.2%	2.2%
Diff. vs. 1998		0.2%	-0.9%	-1.6%	1.3%	0.0%	1.0%
FORECAST	343,293	171,308	79,131	46,288	36,001	3,840	6,726
Diff. vs. Forecast	6,841	2,281	1,844	859	664	329	865
PREMIUM							
Volume	257,048	152,591	50,667	22,699	29,748	745	599
Diff. vs. 1998	-27,507	-13,508	-7,992	-3,744	-1,655	-565	-42
% Change vs. '98	-9.7%	-8.1%	-13.6%	-14.2%	-5.3%	-43.1%	-6.6%
Share of Category	73.4%	59.4%	19.7%	8.8%	11.6%	0.3%	0.2%
Diff. vs. 1998	0.2%	1.0%	-0.9%	-0.5%	0.5%	-0.2%	0.0%
DISCOUNT							
Volume	93,086	20,998	30,308	24,448	6,917	3,424	6,992
Diff. vs. 1998	-11,256	-4,862	-4,629	-7,848	2,829	57	3,198
% Change vs. '98	-10.8%	-18.8%	-13.3%	-24.3%	69.2%	1.7%	84.3%
Share of Category	26.6%	22.6%	32.6%	26.3%	7.4%	3.7%	7.5%
Diff. vs. 1998	-0.2%	-2.2%	-0.9%	-4.7%	3.5%	0.5%	3.9%

*Share of Industry

Note: Company volumes may not sum to Total Industry due to rounding.
Volume differences, percentages and share figures are calculated on full precision numbers.

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